

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: FRED’S, INC., <i>et al.</i> , ¹ <div style="text-align: right;">Debtors.</div>)))))))	Chapter 11 Case No. 19-11984 (CSS) Jointly Administered Re: D.I. 112, 117 & 204
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DEBTORS’ NOTICE OF DESIGNATION OF STALKING HORSE BIDDERS

1. On September 16, 2019, the above-captioned debtors and debtors in possession (the “Debtors”) filed with the Bankruptcy Court for the District of Delaware (the “Court”) the *Debtors’ Motion for an Order (I) Establishing Procedures for the Sale of Debtors’ Real Estate Assets, (II) Authorizing the Debtors to Retain and Compensate Real Estate Brokers in Connection Therewith, (III) Approving Stalking Horse Bid Protections, (IV) Approving the Sale of the Debtors’ Real Estate Assets Free and Clear of All Encumbrances and (V) Granting Related Relief* [D.I. 112] (the “Sale Procedures Motion”).²

2. On September 27, 2019, the Court entered the *Order (I) Establishing Procedures for the Sale of Debtors’ Real Estate Assets, (II) Authorizing the Debtors to Retain and Compensate Real Estate Brokers in Connection Therewith, (III) Approving Stalking Horse Bid Protections and (IV) Granting Related Relief* [D.I. 204] (the “Bidding Procedures Order”). Pursuant to the Bidding Procedures Order, the Debtors were authorized, but not required, to declare one or a combination of acceptable bids for all or a portion of the Real Estate Assets to be a “Stalking Horse Bid.”

3. The Debtors, in conjunction with the DIP Agent and the Committee, have received and reviewed a bid (the “Tucker Bid”) from Tucker Northwest, LLC (together with its affiliates, “Tucker”) for the property denoted “Fred’s Distribution Center” and located at 2815 Hwy 257, Dublin, Georgia 31021, *including* all fixtures thereto (including racking and conveyor systems) (as set forth in the Tucker Bid, the “Distribution Center”). The Debtors hereby designate Tucker as a Stalking Horse Bidder and deem the Tucker Bid as a Stalking Horse Bid for the Distribution Center (including the fixtures), as described in the letter dated October 4, 2019 and its accompanying term sheet, annexed hereto as Exhibit A.

¹ The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor’s federal tax identification number, are: Fred’s, Inc. (4010); Fred’s Stores of Tennessee, Inc. (9888); National Equipment Management and Leasing, Inc. (4296); National Pharmaceutical Network, Inc. (9687); Reeves-Sain Drug Store, Inc. (4510); Summit Properties-Jacksboro, LLC (9161); Summit Properties-Bridgeport, LLC (2200); and 505 N. Main Opp, LLC (5850). The Debtors’ address is 2001 Bryan Street, Suite 1550, Dallas, Texas 75201.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Sale Procedures Motion. Any summary of the Bidding Procedures and the Bidding Procedures Order contained herein or in the Motion are qualified in their entirety by the actual terms and conditions thereof.

4. In addition, the Debtors, in conjunction with the DIP Agent and the Committee, have received and reviewed a bid (the “Wilson Bid,” and together with the Tucker Bid, collectively the “Stalking Horse Bids”) from R.A. Wilson Enterprises, Inc. (“Wilson”) for 56 properties as more specifically described in the Wilson Bid (the “Store Properties”). The Debtors hereby designate Wilson as a Stalking Horse Bidder and deem the Wilson Bid as a Stalking Horse Bid for the Store Properties, as described in the proposed Purchase and Sale Agreement annexed hereto as Exhibit B.

5. As set forth in the Bidding Procedures Order, any party with requisite standing that wishes to object to either or both of the Stalking Horse Bids must file any such objection in writing and serve it upon the Objection Parties (as identified in the Bidding Procedures Order) so as to be received by **October 15, 2019 at 12:00 p.m. EDT**. For convenience of all parties in interest, a list of the Objection Parties is annexed hereto as Exhibit C. In the event, and only in the event, any such objection(s) have been timely and properly filed and served, and have not been resolved, a hearing to approve the Debtors’ designation of the Stalking Horse Bidders will be held before the Bankruptcy Court on **October 16, 2019 at 3:00 p.m. EDT** or as soon thereafter as counsel can be heard. If an objecting party fails to appear at such hearing, its objection shall be deemed to have been waived and abandoned by such objecting party. In the absence of any such objections, the Stalking Horse Bids shall be deemed approved.

6. As set forth in the Bidding Procedures Order, the deadline for submission of competing bids for all or some of the Real Estate Assets is **October 21, 2019 at 4:00 p.m. EDT**. The Debtors encourage any party interested in submitting a competing bid to contact them or their professionals.

7. In the event the Debtors receive additional bids for Real Estate Assets that appear to be higher or better than the respective Stalking Horse Bids, the Debtors will conduct an Auction at the offices of Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, Wilmington, Delaware 19801 (or such other reasonable location as the Debtors may hereafter designate on reasonable notice) on **October 28, 2019 at 9:00 a.m. EDT**. **The Debtors may cancel the auction if no competing bids are received** by filing a notice of cancellation on the docket by 2:00 p.m. on October 27, 2019. A hearing to confirm the sale(s) to the successful bidder(s) is scheduled for **October 30, 2019 at 12:00 p.m. EDT** before the Bankruptcy Court.

8. Copies of the Sale Procedures Motion and the Sale Procedures Order, as well as all related exhibits, and all other documents filed with the Court, are available free of charge on the Debtors’ case information website <https://dm.epiq11.com/case/FDS/info> or for a fee via PACER at <https://www.deb.uscourts.gov/>.

Dated: October 11, 2019
Wilmington, Delaware

/s/ Joseph C. Barsalona II

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